

CONTRIBUTIONS TO UNDERSTANDING TODAY'S ROLE OF HIGHLY QUALIFIED COMMERCE PERSONNEL

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Abstract

This paper is a contribution at raising awareness of the fact that the commercial activity, consisting primarily in buying and selling, has become so complex and from another point of view, so important for companies in their struggling for market share, that it cannot be anymore performed with satisfactory results without professional education. The article insists on the necessity to define a profession of “commercial expert” requiring tertiary (or higher) education of specialty. The author do not underestimate the importance of the practical experience in defining the nature of the “commercial expertise”, neither it neglects the role of complementary specialisations (technical, artistic, managerial and so on) depending on the exact position in terms of qualifications and sector of activity which is concerned. Finally, the article announce the necessity to define the commercial expert as one of the qualifications belonging to the national qualifications’ framework, and to ensure that the core competencies are provided by higher education schools of commerce, as it is the case with more traditionally established professions, for instance pharmacist or architect.

Keywords: commercial activities, profession, education, qualification, occupational categories

JEL Classification: A11, J24, M12, M51

1. Highly qualified personnel as a resource for the development of commerce

Economics is about optimization of resource allocation. At microeconomic level, ensuring the best combination of tangible and intangible resources (including labor, equipment and materials, money, organizational setup, image, confidence and so on), in accordance with the intended objectives, requires continuous preoccupation at analysis and decision levels.

There is a consensus regarding the fact that, among resources, people - with their physical force, knowledge, skills and creativity - have the decisive contribution at

creating wealth and wellbeing. Thus, responsible action should focus on establishing effective human resources development mechanisms. Qualitative changes in modern economies and societies involve a switch toward knowledge. A higher qualification level is required in the human resources field. Intensive development as a mean to get more value with scarce resources requires a larger proportion of qualified work, and this is a strategic priority for any organization.

Qualification creates new differences between people, an additional social classification - or stratification – to those which take the criteria of social origin, culture, income, and so on. People with different qualifications require jobs of different complexity that give them the possibility to use their entire potential, to be creative and to get satisfaction out of their work. The modern production organization is putting on the first plan, on a large scale, the highly qualified personnel. It demands a higher proportion of people with tertiary education, the so-called white collars or, from the social stratification point of view, the intellectuals. In the last century the proportion of white collars within the USA economy went from less than 18% to more than 60%, and the downturn point of this tendency predicted for the 21st century by Paul Krugman in his New York Times article “Getting Ahead; White Collars Turn Blue” seems to be still far.

Highly educated people work in research, education, health, administration, management or jobs directly related to the production of tangible or non tangible goods. Higher qualification positively influences economic results by both productivity growth and technical and organizational progress. Improving the qualification level normally results in better decision making, increase of production, higher quality, superior innovation, cost reduction. Finally, with education, welfare increases not only because of higher incomes but also because it helps people achieve a superior stage of human personality development.

The commerce sector, as well as the commercial activities carried on by other industries, can benefit from the complex work of highly qualified personnel. Traditional belief that commerce is a sector not receptive to technology changes is vigorously invalidated by current realities. By competitive necessity, today commerce is already a high- technology enabled environment. Among most common technological applications one may enumerate: self checkouts, kiosks and point-of-sale (POS) equipment, mobile computer stocktaking and management systems, electronic pricing networks, e-tailing solutions, electronic article surveillance, in-counter scanners, planograms, workforce management and sales force scheduling tools, secure management networks to speed up transactions, electronic labeling and global supply chain tools. Introduction of RFID is expected to have a dramatic technological impact. Higher levels of education are also required in order to implement concepts of Efficient Consumer Response (ECR) and Customer Relation Management (CRM). In order to deliver quality services, salespersons should have good knowledge of products and develop good communication skills. In 2006, The International Labor Organization (ILO) published a study on Social and Labor Implications of the Increased Use of

Advanced Retail Technologies, used as a background paper for a Tripartite Meeting held in September 2006 in Geneva. The study recognizes “that advanced countries transform their economies from a focus on low-skill processes to those requiring technology-driven high-skill productions with high value added”. In commerce there is a necessity to increase the average level of qualification. As ILO study conclude, governments and employers should stimulate the restructuring of the work force in accordance with the technological adjustment, especially by “designing education and skills policies and programs that encourage investment in education and lifelong learning to equip people, including those in the retail industry, with the necessary tools to adapt to change and to new labor market requirements.”

2. Positioning of “Commercial Expert” occupational category

A correct assessment of the contribution of the personnel with tertiary education in commerce requires understanding of the position of experts as a part of human resources. Taking into consideration established categories, we intend to describe the position of the commercial expert. We are trying to uncover similarities and elements of differentiation, permanently considering the role of each occupational category.

The term “expert” increasingly designates people having a higher level of education, knowledge and skills in a certain field of activity. It is currently used in relation with graduates of tertiary education. It is necessary to establish the boundaries of this occupational category in order to assign a status to the people with higher education involved in commerce sector and/or commercial activities in other sectors. Such an approach is important from human resources management point of view, but also as a mean for each bearer of a commercial expert position to better understands his role in relation to others and to successfully build his professional career.

There are three main criteria which should be used in order to describe an occupation: the content of the work in accordance with the division of labor, the level and specificity of the qualification required in order to do the work, and the industry (sector of the economy) to which the occupation is related.

First, we consider the division of labor. Despite the fact that it is somehow difficult to separate the physical work from the intellectual one, and the relativity of such a separation in modern societies, intellectual work has particularities that entail a distinction. The expert is doing essentially an intellectual work, using knowledge and skills to process information, in order to identify opportunities, problems and solutions, to decide or to communicate with others. The dominantly intellectual nature of his work is a main characteristic in defining the commercial expert.

Taking into consideration the general classification of the activities carried on by an organization into production and administration, traditionally, experts will be associated with administration tasks of planning, monitoring, advising, and so on, that require essentially an intellectual effort. Nonetheless, many higher education graduates receive, nowadays, operational tasks involving commercial expertise, especially in sales or procurement.

Another division of labor distinguishes between management and execution activities. The management has authority to take decisions, while the rest of the staff normally has not. Commercial experts may equally be in a management or execution position when the last one demands high level of knowledge and skills. I consider that the commercial expert may undertake a job at any level of the organization, inclusively as a salesperson. Such an interpretation is explained by the current level of complexity of the selling process and the need to increase the effectiveness in gathering and making use of information. Current tendencies of organizational structures to become more flat and democratic support this vision.

Going further with the division of labor, one may identify activities related to research & development, production, buying and selling, human resources, finance and accounting.

Speaking about the role of an expert, and keeping in mind his presumed level of skills, the work of a commercial expert should be of a complex intellectual nature, and related specifically to buying and selling, independently whether or not he enjoy of any decision taking authority.

The second set of criteria to be considered relates to the qualification (level and profile). While specifying the level of education is a relatively simple, conventional approach, specifying the profile of education necessary to a commercial expert leads to a more sensitive discussion. Regarding the level of education, one can identify, quite clearly, a minimum of three years of tertiary education, equivalent of bachelor's degree ("licence" in France, or "licență" in Romania), or Level 5 according with the European Qualification Framework introduced by the Recommendation of the European Parliament and of the Council of 23 April 2008.

The profile of the educational background of a person is more important in shaping the qualification of a commercial expert at the beginning of one's active life, and decreases with the increase of work experience acquired by the same person in commercial activity. The commercial expert may have very different educational backgrounds: business, economics, law, engineering, medicine, arts, etc. The specific profile of a commercial expert is shaped by practice and by training directly related to practical necessities which result from the changing object of his trade. It may be the case to speak about a person having a business analyst background who is a commercial expert or an architect who can be a commercial expert as well.

The commercial expertise is resulting more from exercising a merchant's job and less from professional education (for instance through graduation of specific study

programs); it should be seen as an occupation better than as a profession. In the case of a commercial expert, the organizational setup does not require a compulsory vocational education, as in the case of physicians or architects. This situation can also be interpreted as freedom to exercise a profession in conditions in which from the exercise of such a profession doesn't results significant foreseeable hazard on other people health, life or on other legitimate public interests.

The third criterion that gives the position of the commercial expert occupational category is the economic activity sector. Obviously, commercial experts are people with tertiary education that work in retail and wholesale sectors, but also who receive attributions related to selling or buying in any economic sector. The commercial expert is best defined by his capabilities related to trading. As the vocation of an architect is to design buildings, for instance, the vocation and expertise of a commercial expert is to sell or buy. One should note that not everybody who works in a retail or wholesale company should be considered a commercial expert.

Taking into consideration the criteria discussed above and the subdivisions of each classification, the position of the commercial expert should look as in Figure 1.

			Qualification level, profile and specialization									
			C_1			...		C_m				
			C_{11}		C_{12}	...		C_{m1}	...		C_{mn}	
			C_{111}	C_{112}	...						C_{111}	C_{111}
Sectors of activity and subdivisions	A_1	A_{11}	A_{111}									
		A_{11}	A_{112}									
										
		A_{11}										
	A_i	A_{i1}										
		...										
		A_{ij1}										
		...										
		A_{ij}										
		...										
		A_{ijk}										

LEGEND:

A_i, A_{ij}, A_{ijk} = sectors of activity and their subdivisions

C_m = level of qualification

C_{mn}, C_{mnp} = fields of qualification and specialisations

Figure 1 Positioning of the commercial expert by qualification and sector of activity

In this system, the commercial expert may be found at the intersection of lines representing the management and research and development subcomponents of each activity with the columns representing various qualification levels, profiles or specializations.

The classification of the active population in the most useful way represents a preoccupation in every country, and is evolving continuously in line with changes in knowledge, technology, employment habits, or way of living.

A very recent example of the interest for improving occupational classifications is the establishment in US, of an "Occupational Information Development Advisory Panel" with the role to provide guidance on our plans and actions to replace the Dictionary of Occupational Titles (DOT) and its companion volume, "The Selected Characteristics of Occupations" as stated by the establishment act issued by the US Social Security Administration the 9th of December, 2008. The current edition of the dictionary, the 1991 edition, uses, in order, the following criteria: industry, level of skills required, kind of activity performed. The US DOT includes several categories close to the meaning of a commercial expert: purchasing management; sales and distribution management; wholesale and retail trade managers and officials; shipping, receiving, stock and related clerical occupations; sales occupations. The French classification (Nomenclature des professions et des catégories socioprofessionnelles des emplois salariés d'entreprise), includes a group of occupations called "cadres - administration commerciale, fonction commerciale", while the German classification include the category Warenkaufleute.

We insist on the wide coverage of the notion of commercial expert; it may include, under the conditions discussed above, managers as well as execution staff, functional and operational personnel, people with different professional backgrounds (economists, business analysts, engineers, lawyers, sociologists, artists and so on). More and more, commerce requires a combination of knowledge and skills from many different fields as well as capacity to make use of non specific technologies as it is the case of information and communication technologies.

Commercial expertise should not be limited to activities directly related to purchasing and selling. Commodity science, logistics, commercial urban planning, sociology and psychology, commercial law are only few of the fields of science that serve commerce and represent potential specialization areas for commercial experts.

3. The role of commercial experts

In defining the role of the commercial expert one should take into consideration as important variables the objectives of the organization within which the commercial expert works as well as the concrete nature of the interactions between a commercial expert and other persons within the organization, the objects of the work or the means of work.

A functional organizational setup requires to entirely use the potential of human resources in quantity (man*hours), but also in quality (knowledge, skills, creativity). Professor Constantin Florescu, who was Dean of the Faculty of Commerce, and, in other periods head of the only Commerce and Marketing Departments in Romania noted: "Prepared mainly for observing and forecasting economic phenomena, decision making and for promoting the novelty in commerce, the person with tertiary education in commerce should take the role of the commercial expert within the management of a company. His activity relates to all the functions of the management, but especially to the functions of forecasting and organization." The involvement of the commercial expert should be complex enough to allow using his entire capacity, and to allow commercial astuteness have an influence in decision making at all the levels of the organization. Obviously, this degree of complexity should be considered in a continuum from the most complex involvement to the least and put, as much as possible, in relation with the real commitment and capacity of a particular person.

Normally the commercial expert work directly with information and indirectly with goods and equipment. As the commercial function ensures the exchanges between the organization and its environment, the commercial expert has to play a very important communication role, inside the organization, but more importantly outside the organization, especially with suppliers and customers. Some studies brought to evidence the role specific to highly educated staff to ensure the conciliation between objectives and possibilities, between internal and external constraints under which the organization operates. The meaning here is that commercial experts should focus on external aspects and the integration of the organization within its environment, not on internal processes; this resonates well with the role that the top management of an organization should play.

Many owners of retail or wholesale enterprises have tertiary education and they share with *(the)* closest coworkers, who are also higher education graduates, the responsibilities related to: mission identification, planning, choice of ways and means and control.

Establishing and maintaining effective relationship with upstream and downstream markets, with suppliers and customers represents the main responsibility specific for commercial experts. Such responsibility encompasses, without being limited to these, the following: identification of suppliers, analysis and evaluation of offers, awarding, negotiating and monitoring of supply contracts, organizing reception,

stock management and other logistic and data processing activities related to supply, identification of target markets and potential customers, contributing to the choice of price strategy, choice of distribution channels, negotiating selling contracts, preparing the products for sale, organizing shipping transportation and other downstream logistic aspects (including where the case is the inverse logistics), monitoring selling contracts execution and payment collection, communication and creating a favorable public image for the company.

The commercial expert animates a team of people; he must be capable to find, recruit, motivate and control other people. This kind of involvement is not specific to the core activity of a commercial expert but it is very important for the effectiveness of his work. The same should be noted in relation with the commercial expert financial expertise. Without being a financial analyst, the commercial expert needs good mastering of financial implications of commercial decisions.

Modern companies need commercial experts able to use effectively new technologies and to deal with new conceptual and practical challenges, among which the increased cooperation throughout the supply chain and Efficient Consumer Response, consumer information and consumer protection, protection of the environment, etc.

On the other hand, more experts in other fields are involved in serving the commercial function; performing the commercial functions becomes more and more a cooperative, multidisciplinary process.

Globalization is another reality which contributes at redefining the role of the commercial expert. This one is in the first line in the effort that companies must do in order to bridge language, legal, or cultural differences and manage international relationships.

During the last years, the modernization of the commerce sector in Romania was driven by massive foreign investment. Foreign investors have implemented advanced technologies and transferred know-how to Romanian experts. Being the amplitude of the expansion, newly created structures had to employ a large number of young graduates from almost any domain by providing them in house, mostly on the job, training in order to put the seeds of the necessary commercial expertise. In the future the contribution of higher education institutions in providing an initial education more compatible with the role of commercial experts in modern companies will increase but experience in the field and career development will remain decisive in shaping the commercial expert profile. Actually business performance is what clearly separates authentic experts from dilettantes.

4. Final remarks

Commerce is no more an activity characterized by low skilled labor. Under current economic conditions modern retail and wholesale ask highly qualified personnel.

Despite the increase of the number of people that graduate from higher education institutions, in Romania there is still a large deficit of highly qualified personnel. Among the causes of this situation we can enumerate: the low number of state subsidized scholarships, the low interest of youth for tertiary education due to the low salary differential, migration before university or after graduating toward developed countries that offer better career opportunities.

The lack of expertise is manifest in the retail and wholesale sectors as well. Confronted with the penury of properly qualified people, large retail and wholesale enterprises hired, on large scale, young graduates missing any basic commercial knowledge, or proven aptitudes for trade. Enterprises in non distributive sectors charged with commercial responsibilities engineers who most frequently do not have the right set of skills for such a job. Broadly, in a time when the commercial activity becomes more complex, technology enabled and submitted to growing competitive, social and environmental pressures, we cannot identify any satisfactory system put in place for the professionalization of commercial experts. More than this, the occupational category as such is not well defined and it is included in most occupational classifications in a way that does not correspond to realities anymore.

A consistent approach requires deepening the analysis till the definition of the qualification of a commercial expert in accordance with the methodology of the National Agency for Qualifications in Higher Education and Partnership with the Economic and Social Environment (ACPART). The methodology (still draft under public debate) for registering a new qualification include a broad debate with enterprises in retail, wholesale and other industries about the required content of such a qualification program. Obviously, the professional qualification of a commercial expert should be provided by commerce oriented business schools just as, for instance, medical doctors are trained in faculties of medicine, or construction engineers receive their initial professional formation in higher education construction institutes.

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